

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
for Authority to Establish Its Authorized Rates of
Return on Common Equity for Electric Utility
Operations and Gas Distribution for Test Year
2003. (U 39 M)

Application 02-05-022

Application of Southern California Edison
Company for Consideration of Rate of Return on
Common Equity, Capital Structure, Cost Factors
for Embedded Debt and Preferred Stock, and
Overall Rate of Return for Utility Operations.
(Electric) (U 338-E)

Application 02-05-025

In the Matter of the Application of Sierra Pacific
Power Company for authority to establish its
authorized rate of return on common equity for
Electric Operations for Calendar Year 2003.
(U 903 E)

Application 02-05-026

Application of San Diego Gas & Electric
Company (U 902-M) for Authority (i) to Increase
its Authorized Return on Common Equity, (ii) to
Adjust its Authorized Embedded Costs of Debt
and Preferred Stock, (iii) to Increase its Overall
Rate of Return, and (iv) to Revise its Electric
Distribution and Gas Rates Accordingly, and for
Related Substantive and Procedural Relief.

Application 02-05-031

ASSIGNED COMMISSIONERS' SCOPING MEMO AND RULING

Summary

This ruling sets forth the scope, service list, schedule, category, assignment of the principal hearing officer, and ex parte communications rules for this proceeding following a June 21, 2002, Prehearing Conference (PHC), pursuant to Rule 6.3 of the Commission's Rules of Practice and Procedure (Rules).

Scope of Proceeding

The individual cost of capital applications of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Sierra Pacific Power Company, and San Diego Gas & Electric Company are consolidated into this proceeding. Any and all of the estimates upon which proposed capital structure and rate of return for the test year are based may be issues if disputed in hearing. However, parties should not re-litigate issues, such as "flotation costs,"¹ resolved by prior Commission Decisions.

The issue of whether risks associated with stand-alone electric distribution companies (UDC) should be included in this proceeding will be addressed in an assigned Commissioners' or assigned Administrative Law Judge (ALJ) ruling subsequent to the receipt of July 8, 2002 reply filings on this issue by interested parties.

As part of its updated testimony, PG&E should include testimony on how its capital structure and rate of return would be impacted if the Commission's Plan of Reorganization for PG&E is approved by the United States Bankruptcy Court for the Northern District of California.

¹ Flotation costs consists of direct and indirect costs associated with the issuance of new stock.

Service List

With the taking of appearances at the PHC, a service list has been established for this proceeding. Parties shall serve filings on all appearances listed on the service list, including those identified as “State Service” and to the assigned Commissioners and assigned ALJ.

Schedule

The schedule for this proceeding is as follows:

Date	Activity
June 21, 2002	Prehearing Conference
July 29, 2002	ORA and Intervenor Testimony
July 29, 2002	Updated Testimony
August 6, 2002	Rebuttal Testimony
August 8, 2002	Witness List – Order of Testifying
August 12, 2002	Evidentiary Hearing Starts, Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.
August 13-16, 2002	Evidentiary Hearing Continues, as needed
August 30, 2002	Opening Briefs
September 6, 2002	Reply Briefs, Proposed Submittal and deadline to file requests for Final Oral Argument before Quorum of the Commission

September 16, 2002	Proposed Decision Filed
September 27, 2002	Late Filed Exhibit Update costs of debt/ stock ²
October 7, 2002	Comments Due on Proposed Decision
October 17, 2002	Final Decision

The parties should limit testimony to matters involving the identified issues. All parties should confer amongst themselves on the order that their witnesses will testify. In that regard, PG&E, the lead applicant in this consolidated proceeding, is requested to coordinate an agreed upon witness order list. That witness list should be provided by PG&E to all parties and to the assigned ALJ by August 8, 2002. Any request for final oral argument before the Commission should be made as part of comments on the proposed decision.

Our goal is to resolve this consolidated matter no later than October 17, 2002. However, in no event will resolution exceed 18 months from the date of filing these applications, pursuant to SB 960, Section 12 and Rule 6(e).

Category of Proceeding

This ruling confirms the Commission's preliminary finding in Resolutions ALJ 176-3088 dated May 16, 2002 and ALJ 176-3089 dated June 6, 2002 that this is a ratesetting proceeding, as described in Rule 5(c).

Assignment of Principal Hearing Officer

ALJ Galvin will act as principal hearing officer in this proceeding, pursuant to Rule 5(l).

² Comments on this exhibit should be included in comments on the proposed decision.

Ex Parte Communications

Parties shall observe and comply with the Commission's ex parte communications rules as identified in the Assigned Commissioners' June 10, 2002 Ruling Setting a PHC.

IT IS RULED that:

1. The scope and schedule for this proceeding is set forth herein.
2. The issue of whether risks associated with stand-alone electric distribution companies should be included in this proceeding shall be addressed in an assigned Commissioners' or assigned Administrative Law Judge (ALJ) ruling subsequent to the receipt of July 8, 2002 reply filings on this issue by interested parties.
3. The individual cost of capital applications of Pacific Gas and Electric Company (PG&E), Southern California Edison Company, Sierra Pacific Power Company, and San Diego Gas & Electric Company are consolidated into this proceeding.
4. As part of its July 29, 2002 updated testimony, PG&E shall include testimony on how its capital structure and rate of return would be impacted if the Commission's Plan of Reorganization for PG&E is approved by the United States Bankruptcy Court for the Northern District of California.
5. PG&E shall coordinate the order that witnesses shall testify with all interested parties and shall provide a copy of an agreed upon witness order list by letter to all parties and to the assigned ALJ by August 8, 2002.
6. An evidentiary hearing in the proceeding shall be held beginning at 10:00 a.m., August 12, 2002, and continue, as needed, through and including August 16, 2002, in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

7. Any request for final oral argument before the Commission shall be made as part of comments on the proposed decision.

8. Any settlement conference that may occur in this proceeding shall comply with the Commission's Rules on Settlement Conferences.

9. Parties shall serve filings on all appearances listed on the service list, including those identified as "State Service" and to the assigned Commissioners and assigned ALJ.

10. This ruling confirms that this consolidated proceeding is a ratesetting proceeding for the purpose of Article 2.5.

11. The principal hearing officer in this proceeding is ALJ Galvin.

12. Parties shall observe and comply with the ex parte communications rules set forth in Rules 7 and 7.1 of the Commission's Rules of Practice and Procedure and as discussed in the Assigned Commissioner's April 15, 2002 Ruling Setting a Prehearing Conference.

Dated June 28, 2002, at San Francisco, California.

/s/ GEOFFREY F. BROWN

Geoffrey F. Brown
Assigned Commissioner

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioners' Scoping Memo and Ruling on all parties of record in this proceeding or their attorneys of record.

Dated June 28, 2002, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TTY# 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.